REMARKS

This Amendment is made in response to the Final Office Action dated December 08, 2006. A Request for Extension of Time is enclosed herewith to permit the filing of this Amendment in the third month. Applicants will respond by paragraph numbers to the various rejections and objections as posed in the December 08, 2006 Final Office Action.

Responding to paragraph 7 of the outstanding December 08, 2006 Final Office Action, applicants respectfully traverse and request reconsideration of the rejection of claims 1, 8, 14, 15, 18, 20, 22, 23, and 25-49 as being anticipated under 35 U.S.C. Section 102(b) over U.S. Patent No. 6,594,640 of Postrel ("Postrel").

Applicants' system comprises at least first and second partners or loyalty programs. The first and second loyalty programs include first and second accounts respectively. Each of the first and second accounts keeps a record of the number of reward points that have been awarded to and/or purchased by the users of the first and second accounts respectively. The points of the first and second loyalty programs are of differing values respectively and enable users to purchase items and/or services from a plurality of vendors or retailers. Each vendor sets the price at which that vendor will sell its items and/or services to selected ones of the users. Each loyalty program evaluates its points in terms of system-wide credits or currency units. For example, each award point of each loyalty program is expressed in terms of the system-wide credits. Illustratively, at least one point could be set equal to US currency, e.g., the U.S. dollar, and, in particular, one reward point is made equal to $0.02. In other words, one reward point equals 2 cents. In other embodiments, the monetary currency could alternatively be the currency of other countries or cyber financial currency.

In this illustrative embodiment, all of the system-wide currency units take the form of US currency, e.g., US dollars. Further, each of the plurality of the vendors exchange its items and/or services to permit each vendor of the system to communicate and/or exchange its items and/or services for system-wide currency units. Each of the system-wide credits is of the same value or currency to permit each vendor of the system to communicate and/or exchange its items and/or services for system-wide currency units. Applicants' system transmits the number of reward points that the user wants to transfer from a user's account to one of the vendors whose items and/or services the user wants to purchase. To this end, a process is used to convert the reward points from at least one of the plurality of loyalty programs to the system-wide currency units, e.g., a monetary currency. In particular, the process involves a formula or an exchange or conversion rate that defines the value of at least one reward point in terms of its system-wide credit or currency units, e.g., US dollars. The exchange rate determines the number or value of the one reward point in terms of its system-wide credit units. The exchange rate is defined as the amount or number of system-wide credit units for at least one reward point, e.g., 2 cents per point. The value of or the number of the system-wide credit units to be purchased by a user is defined by the following equation:

The number or value of the outputted currency units (e.g., $500.00) = the Point to System-Wide Currency Exchange Rate ($0.02 per reward point) X Number of Reward Points (25,000).

The calculated output ($500.00) represents the number or value of the system-wide credit or currency units. The Exchange Rate is the amount or number of point to system-wide currency unit that is related to at least one award point; and the value in this currency of the points is

calculated as the product of the number of award points provided by the user and the point to system-wide exchange rate (25,000 points X .02 = $500.00).

In the above description of Applicants' system, the undersigned has detailed the nature and operation of Applicants' Exchange Rate. First Applicants have described the operation and the nature of the number of award points to be processed, and the amount of the credit or currency units that the award points are worth. Applicants' Exchange Rate is defined as the value of an award point in terms of credit units or currency units, i.e., the $500.00 as calculated by the illustrative Exchange Rate of $0.20 per award point.

The Examiner solely relies on the Postrel Patent to obviate Applicants' Point to System-Wide Currency (or credit) Exchange Rate and, in particular, on the following rates; 1) "exchange rate," Column 3", lines 33 – 39; 2) "limited conversion rate," Column 8. lines 18 – 39; 3) "conversion rate," Column 9, lines 6 - 14; and 4) "exchange rate," Column 11, lines 18 – 38. The only rates disclosed by Postrel are these four rates listed above, each with a related text as identified by the noted column and lines. A review of these related texts do not disclose the nature of Postrels' input to this rate, the nature of the conversion process, and/or the value or nature of the output or conversion rate as calculated by Postrel. Applicants respectfully assert that Postrel is silent as to the nature of the four listed rates and, in particular, the process of how the conversion is carried out, the nature of the input to the conversion process and the output of that process.

In the outstanding Office Action of December 08, 2006, the Examiner provides his Response at page 16 of this Action to Applicants prior urging that their claims were patentably distinct from Postrel and, in particular, that Applicants' Point to System Wide Exchange Rate patentably distinguished Postrel and, in particular, the four rates identified above . In particular,

the Examiner states that the "applicant asserts that the teaching of a plurality of independent loyalty point programs does not discloses that these loyalty programs are of different values." In the undersigned's opinion, one skilled in the art would not understand how a loyalty program could have a value, much less how a first program would have a first value and a second program would have as second different value. The cited Postrel patent and the above identified application do not describe how a loyalty program or partner has a "value." Despite the silence of the text of the Postrel Patent to disclose that "these loyalty programs are of different values," the Examiner continues to assert that, "Col 5, lines 12 – 16, specifically describe two separate programs that determine points in two separate manners one based upon purchases and bask (sic) on selecting advertising." In particular, the Examiner quotes Postrel at Column 5, line 12 et seq. as reciting that, "The reward server computer may be a credit card reward program such as offered by American Express where the user earns rewards based on purchases or an advertising based award program where the user earns rewards by selecting advertising content." The undersigned respectfully asserts that having two different programs that operate on purchases and on advertising would not change the value of a first program with respect to the value of a second program.

Even if only for the sake of argument, Applicants would concede that the values of the loyalty programs differ from each other, Applicants respectfully assert that Postel would still not disclose all of the steps or elements as recited in the Applicants' claims. In particular, Postrel fails to disclose Applicants' Exchange Rate, much less Applicants' processing of a number of points and the valuing of an Applicants' Point in terms of Applicants' system wide currency or credits. Applicants' respectfully assert that Postrels' failure to teach such Points to System-Wide

Currency Units (or credit units) Exchange clearly and patentably demonstrates that Applicants' invention distinguishes the Postrel's Patent.

The Examiner further states that "applicant argues that system wide credits and multiply loyalty program of different clause (sic) are not taught by the Postrel reference, even thought (sic) the examiner has cited relevant teaching within the Postrel reference that teach the use of system wide credits and multiple loyalty programs ----- (see page 8, line 7 et seq.)." Applicants respectfully but strongly assert that Postrel does not disclose Applicants' points to system-wide currency units. As discussed above, the Postrel patent solely mentions the "Exchange Rate," the "limited conversion rate," and the "conversion rate", and fails to recite the nature of the data inputted into the Exchange Rate, the manner in which that input data is processed, and the nature of the output data, as explained above.

Applicants further assert and request reconsideration of the Examiner's statement, that "Postrel further discloses converting these different points into a system wide "reward exchange account" in Col 7, lines 1 – 41." As shown in Figure 4 of Postrel, a reward exchange account 54 has a plurality of files, each of which stores points of a single registered member. The undersigned respectfully requests clarification as to how Postrel discloses that points can be converted into a system wide "reward exchange account". As described above, Applicants recite system-wide currency units, all of which are a common value and are distributed throughout the system to facilitate the member's purchase of articles or items from selected vendors. Applicants' respectfully assert that the recited "system wide reward exchange account" differ significantly from Applicants' system-wide criteria, wherein one recitation is an "account" and the other is data.

The undersigned respectfully requests clarification of the meaning of "no conversion value." This term finds no description or definition either in the subject application or the Postrel patent. As explained above Applicants employ a point to system-wide current unit credit rate, which produces a plurality of point to system-wide currency units of a common value, whereby the currency units enable a plurality of users to purchase items and/or services from a selected vendor.

CLAIM 1

Applicants traverse the Examiner's holding that the passages below **of Postrel teach Claim 1**:

1. Postrel discloses a computerized method of tracking and using first and second point-to-credit conversion rates to convert respectively a user's first and second loyalty program award points to system-wide credits, said method comprising the steps of

(a) Obtaining the number of loyalty program award points awarded to a user under the first and second loyalty programs, the first loyalty program points differing in value from the second loyalty program points;

> **(column 1, lines 14-29)** "The present invention relates to electronic bartering systems that allow users to trade or redeem reward points, such as those already accumulated in airline frequent flyer programs, into an account for redeeming products and services offered over the Internet. This would allow users to use their frequent flyer (or frequent car rental, frequent dining, etc.) points for products or services other than those typically offered by the point sponsor. The points would be sold back to the airline (or other type of issuing entity). The system would also allow for purchase by users of points traded in by other users, such that points are redistributed without incurring a transaction directly with the airline or other issuing entity. The system also allows for manufacturers and producers of goods to put overstocked or discontinued, end of run products into a liquidation process that can be exchanged for points."

(column 3, lines 30-40) "What is desired therefore, is a system where users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a participating merchant. An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value."

(column 3, lines 58-60) "This invention allows a user to purchase goods or services using accumulated award points held by a variety of award programs."

*With respect to the **preamble of claim 1 and recitation 1a**, the Examiner fails to disclose in the cited parts of Postrel first and second point-to-conversion rates, much less Applicants' the amendment to Claim 1 that it constructed first and second rates by evaluating the value of its each of its points in terms of the system-wide credits. The Examiner has cited Postrel's passages column 1, lines 14-29; column 3, lines 30-40 and column 3, lines 58-60 as reproduced. Column 3, lines 30-40 recites, "An exchange rate will be established for the relative consideration received by the companies involved in the transaction." This "exchange rate" relates to a transaction involving redemption or translation of rewards with the merchant/companies, where applicants by contrast recites the construction of first and second rates by determining the value of the first and second point in terms of its system-wide credits. It would be evident to one skilled in this art that Applicants construct their first and second rates whereby the system-wide credits are all of the same value so that all merchants can readily make redemptions of items or services with users. Applicants respectfully assert the Postrels' single "exchange rate" does not disclose Applicants' plural rates much less the advantages of Applicants' invention. The undersigned has reviewed with care these remaining passages (as well as the rest of the Postrel Patent) and asserts that Applicants' reward points-to-system-wide credit rates are based on the different values of the system-wide credits. Further, applicants do not prioritize the order of points being*

traded on a predetermined set or rules as described in the Postrel passage. Still further, Applicants do not use any of their rates to reduce the available rewards in the user's account

In an illustrative embodiment of this invention, there are a plurality of partners each illustratively taking the form of air lines, and travel related entities associated with the airlines such as hotels and car rental agencies. Each user purchases items and/or services from partners of which the user is a member. When a partner takes the form of an airline, the member may illustratively be referred to as a frequent flyer. Such purchases earn reward points for that member, which in turn comprises a member account for storing the earned reward points.

Each member selects and uses or redeems the earned reward points by enabling its partner to access its account and the record therein of the selected awarded items and/or services. Earned reward points and, in particular data from the member's account, are transmitted by suitable transmission means such as the internet to a selected one of a plurality of vendors or retailers. In turn thereof as will be explained below, vendors allow members to utilize the members' points as system-wide-credits to purchase items and/or processes via the web cite. A member utilizes its point to receive special service and pricing from the vendors. In particular, a member utilizes its points to receive proprietary and exclusive pricing through the internet to a set of system-wide-credits. In particular, a user sets the common value of one or more points in terms of the system-wide credits of the sets of vendors. In an illustrative embodiment of this invention, a point or a mile of a set of system-wide credits, each of a common value. In particular, the value of a single point or mile may illustratively be set at $0 .02 per point, whereas each of the credits of the set is also valued at $0.02. In this illustrative embodiment, the system-wide credits take the form of monetary units, i.e., the US Dollar. The system-wide credits could take the form of the Canadian dollar or any of the monetary

currencies throughout the work. It is also contemplated that the system-wide credits could take the form of cyber currency.

In an illustrative embodiment of this invention where the partner is an airline, the valuation of the partner's point or mile is carried out in the context of air plane tickets. In the illustrative embodiment, the airline partner sets the value of the points or miles, e.g., 2 cents per mile, and the number of miles set by the user so that the cost of the air line ticket approximates the typical charge for such tickets. In an example where the miles are valued at 2 cents per mile and the member has accumulated 25,000 miles, the monetary value of the airline ticket is set at $0.02 X .02 = $500.00. Further, 1) does the above calculated value of$500.00 reasonably approximate the usual price that the airline partner would charge for such airline tickets, and 2) and that the member purchasing such tickets believes that the calculated sum of $500.00 is a reasonable amount for the member to pay for such 2 airline tickets..

(b) Using the first and second point-to-credit conversion rates to convert respectively the user's first and second loyalty program award points into system-wide credits, each of the system-wide credits being of a common value;

(column 3, lines 30-40) "What is desired therefore, is a system where users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a participating merchant. An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value."

(column 9, lines 10-12) "A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account.

(column 10, lines 18-20) "The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value."

(c) Providing to the user on-line access to at least one vendor that provides discounts for its products and/or services based on the number of system-wide credits that a user has;

(column 7, lines 1-41) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140, 144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716, 718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

*With respect to **claim recitations 1b and c**, the Examiner fails to disclose that the cited parts of using the first and second point-to-credit conversion rates into system-wide credits, where each of the system-wide credits are of a common value. Further the user has access to a vendor that provides discounts for it items and services and to provide access to at least one vendor that discounts its products and/or services based on the number or system-wide-credits.*

The Examiner cites column 3, lines 30-40, which was also cited above with respect to claim 1, column 9, lines 10-12, and column 10, lines 18-20.

Column 3, lines 30-40 only disclosed the use of a single rate for redemption of awards or points into items or services that could make such a transaction. On the other hand, Applicants uses two conversion rates that convert award product into system-wide credits, where each credit is of a common value. Column 9, lines 10-12 refers to a conversion rat that is applied to a transaction whereby the reward server reduce the number of available rewards. Column 10, lines 18-20 prioritize the order of points being traded and are deemed to be of no relevance to the subject matter of the above identified parcels of Postrel.

(d) Enabling the vendor to determine for each of its products and/or services the number of system-wide credits required for the user to select and acquire the selected one of the vendor's products and/or services, and the amount of the discount off of the price of the selected one of the products or services;

(column 7, lines 1-41) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from

step **712** as shown in FIG. 7. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

and

(e) Enabling the vendor to apply the discount to the price of one of the products or services selected by the user if the user has accumulated at least the number of system-wide credits set by the vendor.

(column 7, lines 1-41) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account

associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

*With respect to the **claim recitations 1c, d and e**, the cited passages are not relevant to the Applicants disclosure of a user gaining access to at least one vendor to provide a discount for items and/or services base on the number of system wide-credits. Further, these passages do not disclose that the vendor will accumulate a number system-wide credit if the user has at least the number of system-wide credits set by the vendor. In particular, the subject matter of these recitations enable the use of the discount, if the user has accumulated a sufficient number of system-wide credits.*

CLAIM 8

Postrel discloses the method of claim 1 further comprising the step of updating the number of the user's system-wide credits after the purchase of a product and/or service by the user.

> **(column 6, lines 1-52)** "The method of allowing the user to redeem the accumulated reward points from one or more of a plurality of reward entities will now be described with respect to FIG **4** and the data flow diagram of FIG. **6**. The trading server system would allow users to "log in" to access the functionality provided where the user may interact with applications, forms or controls. For example, the user may view his account information by using a web browser to enter the appropriate identification information and then select buttons, links or other selectable objects to navigate to the part of the system desired. If the user does not yet have an account (step **602**), then the user may be enrolled per the flow diagram of FIG. **8** (step **604**) as discussed below. The user, from the user computer, makes a request to the trading server computer **20** via communications flow **102** (step **600**), requesting redemption through the network **2** for a portion of the pre-accumulated reward points stored for the user in one of the rewarding entities. A user's reward point account **52** is associated with each of the reward servers but is only shown in FIG. **4** connected to the airline server for sake of clarity. Communications are made by the trading server **20** to the user computer **40** via communications data flows **104**. The user may interactively select rewards to be redeemed, or the system may determine which rewards are to be redeemed based on a previously defined user profile rule (step **606**). The trading server

computer **20** "obtains" the reward points from a reward server **10**, **12**, **14** stored in the user's account **52** by contacting the appropriate reward server via communication flow **110** step **608**) according to the user's requirements, by using the connection parameters as defined in a database **54** on the trading server as shown in FIG. **5**. In one embodiment, the trading server retrieves reward point account balance information via communications flow **114** (step **620**) from the reward server for the user. In another embodiment, the trading server transfers as part of the communication **110**, the requested reward mileage to be redeemed (step **612**). The reward server computer **10** decreases the user's reward point account **52** by the requested number of reward points step **614**). The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer **10** conveys consideration to the trading server computer **20** where the consideration corresponds to the number of reward points decreased in the user's account **52** on the reward server **10** (step **616**). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month. The trading server computer **20** increases the reward exchange account **54** associated with the user by the received number of points (step **620**). The trading server computer **20** in turn, receives the consideration from the reward server computer **10** (step **618**)."

(column 7, lines 25-41) "After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

*With respect to the **recitations of claim 8**, the cited passages are not relevant to the updating the number of a user's system-wide credit after the purchase of a product and /or service. Rather, these recitations of claim 8 are silent as to the updating of the number of system-wide credits.*

CLAIM 14

Postrel discloses the method of claim 1 further including the step of displaying the current number of the user's system-wide credits to the user.

> **(column 8, line 65 through column 9, line 1)** "In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display the available points that may be redeemed."

*With respect to the **recitation of claim 14**, the cited passage is not relevant to the display of the current number of the user's system-wide credits to the user*

CLAIM 15

Postrel discloses the method of claim 1 further comprising the steps of updating the number of the points of at least one of the user's first and second loyalty programs.

> **(column 7, lines 25-41)** "After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

*With respect to the **recitation of claim 15**, the cited passage is not relevant to updating the number of points of at least one of the user's first and second loyalty programs.*

CLAIM 18

Postrel discloses the method of claim 33 including the further steps of providing the information regarding the products and/or services for sale to the user via communication with the one vendor of the products or services.

> **(column 7, lines 1-10)** "In the second part of the transaction (see FIG. **7**), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**."

With respect to ***the recitations of claim 18****, the recited passage calls for the user and the merchant pay for the purchases by using a poin6s account. By contras, claim 18 provides information regarding the products and/or services via communication with the one vendor of the recited products or services.*

CLAIM 20

Postrel discloses the method of claim 33 including the further step of allowing the user to register with at least one of the plurality of loyalty programs as a member via an on-line registration form.

> **(column 6, lines 1-52)** "The method of allowing the user to redeem the accumulated reward points from one or more of a plurality of reward entities will now be described with respect to FIG **4** and the data flow diagram of FIG. **6**. The trading server system would allow users to "log in" to access the functionality provided where the user may interact with applications, forms or controls. For example, the user may view his account information by using a web browser to enter the appropriate identification information and then select buttons, links or other selectable objects to navigate to the part of the system desired. If the user does not yet have an account (step **602**), then the user may be enrolled per the flow diagram of FIG. **8** (step **604**) as discussed below. The user, from the user

computer, makes a request to the trading server computer **20** via communications flow **102** (step **600**), requesting redemption through the network **2** for a portion of the pre-accumulated reward points stored for the user in one of the rewarding entities. A user's reward point account **52** is associated with each of the reward servers but is only shown in FIG. **4** connected to the airline server for sake of clarity. Communications are made by the trading server **20** to the user computer **40** via communications data flows **104**. The user may interactively select rewards to be redeemed, or the system may determine which rewards are to be redeemed based on a previously defined user profile rule (step **606**). The trading server computer **20** "obtains" the reward points from a reward server **10**, **12**, **14** stored in the user's account **52** by contacting the appropriate reward server via communication flow **110** step **608**) according to the user's requirements, by using the connection parameters as defined in a database **54** on the trading server as shown in FIG. **5**. In one embodiment, the trading server retrieves reward point account balance information via communications flow **114** (step **620**) from the reward server for the user. In another embodiment, the trading server transfers as part of the communication **110**, the requested reward mileage to be redeemed (step **612**). The reward server computer **10** decreases the user's reward point account **52** by the requested number of reward points step **614**). The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer **10** conveys consideration to the trading server computer **20** where the consideration corresponds to the number of reward points decreased in the user's account **52** on the reward server **10** (step **616**). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month. The trading server computer **20** increases the reward exchange account **54** associated with the user by the received number of points (step **620**). The trading server computer **20** in turn, receives the consideration from the reward server computer **10** (step **618**)."

(column 8, lines 4-26) "FIG. **8** describes the process steps involved in enrolling a user to utilize the trader server. The user accesses the trading server **20** at step **800** and selects an option to create a user account at step **802**. The data entered by the user may be used in determining whether a user allows unsolicited offers to be presented from the trading server. The user's preferences for manufactured goods, services, products, travel destinations, hobbies, interests or any other use entered criteria may be stored in the A1 database for subsequent use by the system (steps **804** and **808**). The trading server has the ability to receive offers from reward servers or merchants (steps **806** and **808**) which may then be directed to users based on the database profile information provided by the user (see FIG. **9**). At step **900**, the reward server contacts the trading server with an offer to redeem points. Similarly, a merchant may contact the trading server with an offer to be distributed to members (step **902**). The trading server records the offer in a database (step **906**), and the trading server may record a limited conversion rate in its database (step **906**). The reward server may then contact the user with an offer

to redeem at step **908**. Optionally, the process may branch to the flow diagram in FIG. 6 discussed above (step **910**)."

*With respect to the **recitations of claim 20**, this claim requires the user to register via an on-line registration form with at least one of the plurality of loyalty programs as member in order to enable the user to have access to the registration form. By contrast, the recited passage is silent as to whether a user may gain access to the entire system by enrolling or registering in only one of the loyalty programs.*

CLAIM 23

Postrel discloses a computerized system for managing a plurality of loyalty programs utilizing the internet to accumulate the award points issued by the plurality of loyalty programs and to redeem the award points for items as selected by a user, the award points of at least one of the plurality of loyalty programs differing in value from the award points of another loyalty program of the plurality, said system comprising:

(a) Means for converting the user's award points issued by the plurality of loyalty programs into system-wide credit, each credit being of a common value; (common credits).

(column 3, lines 30-40) "What is desired therefore, is a system where users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a participating merchant. An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value."

(column 9, lines 10-12) "A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account."

(column 10, lines 18-20) "The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value."

With respect to the ***preamble and recitation (a) of claim 23****, this claim calls for the management of a plurality of loyalty program that accumulate the award points issued by one of the loyalty programs and to redeem such award points for items and/or services as selected, wherein the values of loyalty point differ from point to point. The Examiner has cited the following passage of Postrel: Column 3, lines 30-40; Column 9, lines 10-12; and Column 10, lines 18-20. The applicants' comment above with respect to the preamble of claim 1and recitation 1a are equally applicable to the subject matter of the preamble of claim 23 and recitation 23a are fully capable to demonstrate that Postrel fails to obviate subject matter of the preamble and recitation 1a.*

(b) A credits database for storing the balance of each of the system-wide credits for each user associated with at least one of the plurality of loyalty programs; (reward exchange account).

(column 6, lines 1-52) "The method of allowing the user to redeem the accumulated reward points from one or more of a plurality of reward entities will now be described with respect to FIG **4** and the data flow diagram of FIG. **6**. The trading server system would allow users to "log in" to access the functionality provided where the user may interact with applications, forms or controls. For example, the user may view his account information by using a web browser to enter the appropriate identification information and then select buttons, links or other selectable objects to navigate to the part of the system desired. If the user does not yet have an account (step **602**), then the user may be enrolled per the flow diagram of FIG. **8** (step **604**) as discussed below. The user, from the user computer, makes a request to the trading server computer **20** via communications flow **102** (step **600**), requesting redemption through the network **2** for a portion of the pre-accumulated reward points stored for the user in one of the rewarding entities. A user's reward point account **52** is associated with each of the reward servers but is only shown in FIG. **4** connected to the airline server for sake of clarity. Communications are made by the trading server **20** to the user computer **40** via communications data flows **104**. The user may interactively select rewards

to be redeemed, or the system may determine which rewards are to be redeemed based on a previously defined user profile rule (step **606**). The trading server computer **20** "obtains" the reward points from a reward server **10**, **12**, **14** stored in the user's account **52** by contacting the appropriate reward server via communication flow **110** step **608**) according to the user's requirements, by using the connection parameters as defined in a database **54** on the trading server as shown in FIG. **5**. In one embodiment, the trading server retrieves reward point account balance information via communications flow **114** (step **620**) from the reward server for the user. In another embodiment, the trading server transfers as part of the communication **110**, the requested reward mileage to be redeemed (step **612**). The reward server computer **10** decreases the user's reward point account **52** by the requested number of reward points step **614**). The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer **10** conveys consideration to the trading server computer **20** where the consideration corresponds to the number of reward points decreased in the user's account **52** on the reward server **10** (step **616**). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month. The trading server computer **20** increases the reward exchange account **54** associated with the user by the received number of points (step **620**). The trading server computer **20** in turn, receives the consideration from the reward server computer **10** (step **618**)."

Applicants' ***recitation b of claim 23*** *recites a database for storing the balances of the of the system-wide credits, whereas the reward point account 52 does not store system-wide credits as shown in the passages of Postrel.*

(c) A first interactive communication means connected to said credits database:

(Figure 5, and Column 5, lines 3-60) "With reference to FIG. **4**, a plurality of reward server computers **10**, **12**, **14**, a trading server **20**, a merchant computer **30** and a user computer **40** are shown in communication with a network **2**. The network may comprise any type of communication process where computers may contact each other. The present invention will be described with respect to an Internet-based network where the reward server computer **10** is associated with an airline frequent flyer program. Any type of reward server may also be used in this system. The reward server computer may be a credit card reward program such as offered by American Express where the user earns rewards based on purchases or an advertising based award program where the user earns rewards by selecting advertising content.

A user of this system may acquire and accumulate rewards through any prior art means such as shown on FIG. **1**, which are then posted in a user's reward point account **52** that is accessible through the reward server computer **10**. The trading server computer **20** is in communication through the network **2** with a user on a user computer **40** and is additionally able to connect to the reward server computers **10**, **121**, **14** through the network **2** in accordance with techniques well known in the art for Internet communications. The merchant computer **30** is representative of any site that can communicate with the network that has goods or services for sale or trade. The merchant may have a direct relationship with the trading server where the direct relationship allows for a streamlined process for allowing a user to acquire products offered via the merchant computer. Alternatively, the merchant computer may be an independent merchant that does not currently have a profile defined in the trading server that will accept payment from another computer system in any one of well known e-commerce embodiments.

The rewarding entities may be any type of entity that has a service for allocating points or consideration for user actions. The reward computers **10**, **12**, **14** may be of any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system. In the preferred embodiment, the airline reward server computer **10** may refer to one or several different airlines that have frequent flyer programs or the like. The credit card reward server computer **12** may refer to any type and number of credit card server systems capable of holding, increasing or decreasing a user's earned rewards acquired according to the terms of the credit card program to which the user has enrolled. The marketing reward server computer **14** may refer to one or a multitude of network accessible marketing systems that allow a user to have an account where points or other redeemable value may be stored, updated and redeemed by a user. The trading server computer may be any type of computer system that allows users to access the system in order to perform the processes involved in this invention. In the preferred embodiment all of the systems described are accessible through the Internet and the user may freely navigate to any site by means well known in the art."

(d) A second interactive communication means connected to at least one of a plurality of vendors of items offered to the user to enable the user to select at least one of the items;

(Figure 5 and Column 5, lines 3-60) "With reference to FIG. **4**, a plurality of reward server computers **10**, **12**, **14**, a trading server **20**, a merchant computer **30** and a user computer **40** are shown in communication with a network **2**. The network may comprise any type of communication process where computers may contact each other. The present invention will be described with respect to an

Internet-based network where the reward server computer **10** is associated with an airline frequent flyer program. Any type of reward server may also be used in this system. The reward server computer may be a credit card reward program such as offered by American Express where the user earns rewards based on purchases or an advertising based award program where the user earns rewards by selecting advertising content.

A user of this system may acquire and accumulate rewards through any prior art means such as shown on FIG. **1**, which are then posted in a user's reward point account **52** that is accessible through the reward server computer **10**. The trading server computer **20** is in communication through the network **2** with a user on a user computer **40** and is additionally able to connect to the reward server computers **10**, **121**, **14** through the network **2** in accordance with techniques well known in the art for Internet communications. The merchant computer **30** is representative of any site that can communicate with the network that has goods or services for sale or trade. The merchant may have a direct relationship with the trading server where the direct relationship allows for a streamlined process for allowing a user to acquire products offered via the merchant computer. Alternatively, the merchant computer may be an independent merchant that does not currently have a profile defined in the trading server that will accept payment from another computer system in any one of well known e-commerce embodiments.

The rewarding entities may be any type of entity that has a service for allocating points or consideration for user actions. The reward computers **10**, **12**, **14** may be of any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system. In the preferred embodiment, the airline reward server computer **10** may refer to one or several different airlines that have frequent flyer programs or the like. The credit card reward server computer **12** may refer to any type and number of credit card server systems capable of holding, increasing or decreasing a user's earned rewards acquired according to the terms of the credit card program to which the user has enrolled. The marketing reward server computer **14** may refer to one or a multitude of network accessible marketing systems that allow a user to have an account where points or other redeemable value may be stored, updated and redeemed by a user. The trading server computer may be any type of computer system that allows users to access the system in order to perform the processes involved in this invention. In the preferred embodiment all of the systems described are accessible through the Internet and the user may freely navigate to any site by means well known in the art."

(e) Means for enabling the one vendor to access via said first interactive communication means at least one of the balances of the system-wide credits stored in said credits database, whereby the one vendor can control the number of

the one user's balance of system-wide credits that is required to enable a transaction involving the acquiring of selected items offered to the one user.

(Column 5, lines 3-60) "With reference to FIG. **4**, a plurality of reward server computers **10**, **12**, **14**, a trading server **20**, a merchant computer **30** and a user computer **40** are shown in communication with a network **2**. The network may comprise any type of communication process where computers may contact each other. The present invention will be described with respect to an Internet-based network where the reward server computer **10** is associated with an airline frequent flyer program. Any type of reward server may also be used in this system. The reward server computer may be a credit card reward program such as offered by American Express where the user earns rewards based on purchases or an advertising based award program where the user earns rewards by selecting advertising content.

A user of this system may acquire and accumulate rewards through any prior art means such as shown on FIG. **1**, which are then posted in a user's reward point account **52** that is accessible through the reward server computer **10**. The trading server computer **20** is in communication through the network **2** with a user on a user computer **40** and is additionally able to connect to the reward server computers **10**, **121**, **14** through the network **2** in accordance with techniques well known in the art for Internet communications. The merchant computer **30** is representative of any site that can communicate with the network that has goods or services for sale or trade. The merchant may have a direct relationship with the trading server where the direct relationship allows for a streamlined process for allowing a user to acquire products offered via the merchant computer. Alternatively, the merchant computer may be an independent merchant that does not currently have a profile defined in the trading server that will accept payment from another computer system in any one of well known e-commerce embodiments.

The rewarding entities may be any type of entity that has a service for allocating points or consideration for user actions. The reward computers **10**, **12**, **14** may be of any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system. In the preferred embodiment, the airline reward server computer **10** may refer to one or several different airlines that have frequent flyer programs or the like. The credit card reward server computer **12** may refer to any type and number of credit card server systems capable of holding, increasing or decreasing a user's earned rewards acquired according to the terms of the credit card program to which the user has enrolled. The marketing reward server computer **14** may refer to one or a multitude of network accessible marketing systems that allow a user to have an account where points or other redeemable value may be stored, updated and redeemed by a user. The trading server computer may be any type of computer system that allows users to access the

> system in order to perform the processes involved in this invention. In the preferred embodiment all of the systems described are accessible through the Internet and the user may freely navigate to any site by means well known in the art."

*Applicants' **recitation c of claim 23** recites that communication means is connected to the credits database, recitation d recites that the second communication means is connected to one of the plurality of vendors to enable the user to select a least on of the items, and recitation e to enable on vendor to access via the firs communication means at least one of the system-wide credits balance to be stored in the credits database, one of the vendors can control the number of the balance credit to enable selected items to be offered to the one user. Though Postrel does store user points in the user's reward point account 52, Postrel does not disclose storing system-wide credits, much less the advantages of using such a databases, namely providing access of system-wide credits to all of the merchants in the system and the resultant ability of users to place orders to all of the merchants.*

CLAIM 25

Postrel discloses the computerized system of claim 23 further comprising a plurality of interactive communication means connected to at least one of the plurality of vendors for distributing to the user the items offered for exchange by the one vendor.

> **(column 5, lines 3-50)** "With reference to FIG. **4**, a plurality of reward server computers **10**, **12**, **14**, a trading server **20**, a merchant computer **30** and a user computer **40** are shown in communication with a network **2**. The network may comprise any type of communication process where computers may contact each other. The present invention will be described with respect to an Internet-based network where the reward server computer **10** is associated with an airline frequent flyer program. Any type of reward server may also be used in this system. The reward server computer may be a credit card reward program such as offered by American Express where the user earns rewards based on purchases or an advertising based award program where the user earns rewards by selecting advertising content.

A user of this system may acquire and accumulate rewards through any prior art means such as shown on FIG. **1**, which are then posted in a user's reward point account **52** that is accessible through the reward server computer **10**. The trading server computer **20** is in communication through the network **2** with a user on a user computer **40** and is additionally able to connect to the reward server computers **10**, **121**, **14** through the network **2** in accordance with techniques well known in the art for Internet communications. The merchant computer **30** is representative of any site that can communicate with the network that has goods or services for sale or trade. The merchant may have a direct relationship with the trading server where the direct relationship allows for a streamlined process for allowing a user to acquire products offered via the merchant computer. Alternatively, the merchant computer may be an independent merchant that does not currently have a profile defined in the trading server that will accept payment from another computer system in any one of well known e-commerce embodiments.

The rewarding entities may be any type of entity that has a service for allocating points or consideration for user actions. The reward computers **10**, **12**, **14** may be of any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system. In the preferred embodiment, the airline reward server computer **10** may refer to one or several different airlines that have frequent flyer programs or the like. The credit card reward server computer **12** may refer to any type and number of credit card server systems capable of holding, increasing or decreasing a user's earned rewards acquired according to the terms of the credit card program to which the user has enrolled."

With respect to the ***recitations of claim 25****, there is recited a plurality of communication means connected to at least one vendor to distributed to the user items and/or services for exchange by the vendor. By contrast, the Postrel passage fails to disclose a plurality communications and the ability to permit one of a plurality of vendors to connect one of the vendors for distributing an item for exchange by the one vendor.*

CLAIM 26

Postrel discloses the computerized method of claim 1, wherein the user is enabled to receive loyalty program award points from a selected one of the plurality of loyalty programs.

(column 7, lines 49-61) "For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price. The process may be performed in real time or as a background process where the user may select how the transaction should proceed. If the user exhausts lower personal worth resources from the reward servers, the system may be required to contact the user before the transaction is allowed to proceed to redeem points."

*With respect to the **recitations of claim 26**, there is no need for the user to select a particular program from a plurality of loyalty programs, because all of the award points will be converted to a plurality of system-wide credits of a common value.*

CLAIM 27

Postrel discloses the computerized system of claim 23, wherein there is included means for enabling the user to select the number of system-wide credits from each of the loyalty programs and to redeem the items as selected by the user.

(column 7, line 1 through column 8, line 3) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded,

the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item.

Policies and profiles may be established to automatically contact each of the reward servers according to a user redemption profile (see FIG. **5**) to transact the required payment for an item selected by a user. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price. The process may be performed in real time or as a background process where the user may select how the transaction should proceed. If the user exhausts, lower personal worth resources from the reward servers, the system may be required to contact the user before the transaction is allowed to proceed to redeem points. A classification system may also be used to indicate rewards of similar worth. If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption. The redemption process would then honor those rules elected by the user to select from several different reward programs, instead of redeeming rewards strictly on a value required from the first reward program contacted."

*With respect to the **recitations of claim 27**, there is recited the enabling the user to select a number of system-wide credit for each of the plurality of loyalty programs. In this regard, Postrel is silent as to selecting system-wide credits.*

CLAIM 29

Postrel discloses the computerized system of claim 23, wherein the vendor is enabled to determine whether a user's transaction is eligible to be exchanged for system-wide credits.

> **(column 7, lines 1-41)** "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

*With respect to the **recitations of claim 29**, there is recited the enabling of a vendor to determine whether a user's transaction is eligible to be exchanged for system-wide credits. Postrel does not teach the testing of such system-wide credits to determine whether a user is eligible to conduct a transaction involving system-wide credits.*

CLAIM 30

Postrel discloses the computerized system of claim we, wherein there is included means for enabling each of the plurality of vendors to determine the number of system-wide credits for which an item is eligible to be exchanged.

> **Column 7, lines 1-41)** "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

*With respect to the **recitations of Claim 30**, this claim recites means for determining weather each of the plurality of vendors is enabled to determine the number of system-wide credits for which an item may be exchanged. By contrast, the above quoted Postrel passage*

seeks to determine whether a user (in contrast with a plurality vendors) has a sufficient number of points (in contrast with system-wide credits) to purchase the items.

CLAIM 31

Postrel discloses the computerized system of claim 23, wherein there are means to enable the vendor to determine the number of system-wide credits that are required to achieve a desired discount for the user.

> **(column 7, lines 1-41)** "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

*With respect to the **recitations of claim 31**, this claim discloses mean for a vendor to determine a number of system-wide credits that are needed for a vendor to issue a discount to a user. By contrast, the Postrel passage discloses a user (as opposed to a vendor) to determine whether the user has sufficient points (as opposed to system-wide credits) to purchase a selected item.*

CLAIM 32

Postrel discloses the computerized system of claim 23, wherein there is included a user terminal for displaying to the user the number of credits needed to satisfy a transaction proposed by the user.

> **(column 8, line 65 through column 9, line 1)** "In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display the available points that may be redeemed.

*With respect to the **recitations of claim 32**, this recitation covers a terminal for displaying to the user the number of credits (as opposed to points) to permit the available points to be redeemed.*

CLAIM 33

Postrel discloses a computerized method of tracking and using first and second points-to-credits conversion rates to convert respectively a user's first and second loyalty points to system-wide credits, each system-wide credit being of a common value, whereby the user can select and request at least one item offered by at least one vendor, said method comprising the steps of

(a) Obtaining the value of loyalty program award points awarded to a user under each of the first and second loyalty programs, the first loyalty program points differing in value from the second loyalty program points;

(Figure 5, column 1, lines 14-29) "The present invention relates to electronic bartering systems that allow users to trade or redeem reward points, such as those already accumulated in airline frequent flyer programs, into an account for redeeming products and services offered over the Internet. This would allow users to use their frequent flyer (or frequent car rental, frequent dining, etc.) points for products or services other than those typically offered by the point sponsor. The points would be sold back to the airline (or other type of issuing entity). The system would also allow for purchase by users of points traded in by other users, such that points are redistributed without incurring a transaction directly with the airline or other issuing entity. The system also allows for manufacturers and producers of goods to put overstocked or discontinued, end of run products into a liquidation process that can be exchanged for points."

(column 3, lines 30-40) "What is desired therefore, is a system where users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a participating merchant. An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value."

(column 3, lines 58-60) "This invention allows a user to purchase goods or services using accumulated award points held by a variety of award programs,"

*The **preamble and recitation a of claim 33** disclose first and second loyalty points to system-wide credit conversion rates. These rates enables a user to convert loyalty points that are awarded to a user for purchasing items and/or services to system- wide credits, all of which are of a common value. The user is turn uses the sytem-wide credits to purchase items/services from a plurality of vendors. Each of the system-wide credit are of a common value. The conversion rate sets the value of each loyalty point in terms of the number of corresponding system-wide credit, e.g., one such point equals $0.02. The credits are currency such as US dollars or the currency other countries.*

Column 1, lines 14-29 disclose the redemption of reward points, but is entirely silent as to Applicants' points to system-wide credit conversion rates. Column 3, lines 30 – 40 is silent as to how "frequent flyer award or credits" are "accumulated for other types of translation into a form readily acceptable by a participating merchant." In particular, Postrel fails to explain Applicants' conversion or loyalty points into system-wide credits or US currency for example. Applicants' respectfully assert that Postrel does not teach: 1) the nature or operation of their point to system-wide credits or currency rates, or 2) how Applicants use their rates to provide a common, system wide currency to enable a user to purchase the merchants' items and/or services.

Column 3, lines 59 – 60 fails to disclose the operation or/nature of Applicants' points to system-wide credits or currency.

(b) Using the first and second points-to-credit conversion rates to convert respectively the user's first and second loyalty program award points to system-wide credits;

(Abstract, Figure 5, column 1, lines 14-29) "The present invention relates to electronic bartering systems that allow users to trade or redeem reward points, such as those already accumulated in airline frequent flyer programs, into an account for redeeming products and services offered over the Internet. This would allow users to use their frequent flyer (or frequent car rental, frequent dining, etc.) points for products or services other than those typically offered by the point sponsor. The points would be sold back to the airline (or other type of issuing entity). The system would also allow for purchase by users of points traded in by other users, such that points are redistributed without incurring a transaction directly with the airline or other issuing entity. The system also allows for manufacturers and producers of goods to put overstocked or discontinued, end of run products into a liquidation process that can be exchanged for points."

(column 3, lines 30-40) "What is desired therefore, is a system where users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a

participating merchant. An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value."

(column 3, lines 58-60) "This invention allows a user to purchase goods or services using accumulated award points held by a variety of award programs."

Referring now to ***Claim 33, paragraph (b)****, need to replace misquoted Postrel passage. Also see the Applicants' discussion of the Postrel passages at Column 3, lines 30 – 40 and Column 3, lines 58 – 60 at paragraph (a) of Claim 33.*

(c) Transmitting to the one vendor a request from the user for the one requested item;

(column 7, lines 1-41) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of

electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

(d) Enabling the one vendor in its sole discretion to respond to the item request to determine the amount of a discount from the cost of the requested item dependent on the number of system-wide credits accumulated by the user.

(column 7, lines 1-41) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a dir4ect transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

Paragraphs (c) and (d) of Claim 33 *recites that the vendor in its sole discretion can determine the amount of discount that the vendor can give to the user from the normal cost of*

the item sought by the user. In particular, Column 7, lines 1 – 41, fails to teach that the vendor can enable a vendor to give in its sole discretion a discount to the user.

CLAIM 34

Postrel discloses the method of claim 33; further comprising the step of enabling the one vendor to determine for each of its items the predetermined number of system-wide credits required to permission the user to request the corresponding item.

> **(column 7, lines 1-41)** "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a dir4ect transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

Claim 34 *recites the step of enable the vendor in its sole judgment to set the number of system-wide credits required to request a corresponding item. Applicants' respectfully asserts that Column 7, lines 1 – 41 fail to teach the enabling the vendor to set the number of credits required to request a desired item or service.*

CLAIM 35

Postrel discloses the method of claim 34, further comprising the step of enabling the one vendor in its sole judgment to set the predetermined number of system-wide credits required to permission the user to request the corresponding item.

> **(column 7, lines 1-41)** "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In

the alternative, the consideration may be a dir4ect transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

Claim 35 *recites the step of requiring the vendor to set a predetermined number of system-wide credit that the user has in order for the user to place a request a selected price. Further, Column 7, lines 1 – 41 fail to teach such enabling of the user to request a particular item or service.*

CLAIM 36

Postrel discloses the method of claim 35, further comprising the step of enabling the vendor to access the number of system-wide credits accumulated by the user and, if the number of system-wide credits accumulated by the user is not less than the predetermined number of system-wide credits, permissioning the one vendor to enable the user to transmit to the one vendor the user's request for the corresponding item.

(column 7, lines 1-41) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the

merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

Claim 36 *recite that the vendor is enabled to set the number of accumulated system-wide credits and, if that number of credits as set by the vendor is greater, then permit the user to transmit the user's request for the item selected by the user. Column 7, lines 1 – 41 fails to teach the setting a predetermined number items and, is lesser than that number, permitting the vendor to enable the user to transmit the user's request to the vendor for the corresponding item or service.*

CLAIM 37

Postrel discloses the method of claim 36, further comprising the step of applying the predetermined discount to the price of the one item selected by the user.

(column 10, lines 37-44) "Manufacturers can discount or liquidate goods for points in a manner that doesn't negatively affect the perceived value of the goods (i.e. not in direct competition with the mainstream sales). That is, the manufacturer can place overstocked, end of run type goods and the like, place them in the chain of distribution for exchange with points, and not be in direct competition with cash sales of its mainstream products.

Claim 37 *recites the step of applying a predetermined discount to the price of the item selected by the user. Column 10, lines 37 – 44, fails to disclose the discounting of the price of the item selected by the user.*

CLAIM 38

Postrel discloses a computerized method of tracking and awarding points of at least one loyalty point program to a member of the one loyalty point program, said method comprising the steps of:

a) Determining the total number of points awarded to the one member of the one loyalty point program.

(column 8, line 65 through column 9, line 21) "In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display the available points that may be redeemed. In another embodiment, the request additionally contains a value to be redeemed. The processor establishes a communication link with the reward server and a transaction request is sent to the processor of the reward server. The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user's records in the reward server database without analysis by the processor of the reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user's exchange account may then be stored until a user finds an item to be purchased."

b) Converting the total number of points awarded to a credit.

(column 8, line 65 through column 9, line 21) In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display the available points that may be redeemed. In another embodiment, the request additionally contains a value to be redeemed. The processor establishes a communication link with the reward server and a transaction request is sent to the processor of the reward server. The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user's records in the reward server database without analysis by the processor of the

reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user's exchange account may then be stored until a user finds an item to be purchased."

*The **Preamble and recitations 1a and b of Claim 38** disclose a method of tracking and awarding points to a member of at least one loyalty point program, determining in recitation 1a the step of determining the total number of points awarded to the one member of the one loyalty point grams, and converting in recitation 1b) the total number of points award to a credit. Column 8, line 65 through column 9, line 21 fails to disclose the steps of tracking and awarding points, determining the total number of points awarded to the one member and converting the total number of point awards to credits. Further, this passage requires that the conversion rate is "applied to the transaction such that the reward server reduces the available rewards in the user's account." By contrast the "conversion rate" converts the reward points to a common set of credits, which the retailers may readily process.*

c) Providing the member access over a communications network to at least one vendor offering for sale at a discount at least one item having a predetermined price.

(column 9, lines 22-44) "The user selects the desired object from the merchants by indicating the type of product or service to be procured. In one embodiment, the trading server contacts the merchant server to return to the user a list of products that match the user's search criteria or if the user had specified in detail what was desired, the product may be directly acquired from a merchant. A communication link is established between the trading serve and the merchant computer or designee for e-commerce. Direct acquisition may be enacted by contacting the merchant computer and supplying the user indicia, the produce indicia, and the redemption value sufficient to secure the transaction. In response

to the transaction request, the merchant computer will receive the consideration supplied and contract for the delivery of the product. In another embodiment, the consideration required for the item selected is sent to the trading server where based on the available points in the user's exchange account the trading server will determine whether the consideration is available. An authorization process may be incorporated at this point to request authorization from the user or in a more simplified process, the consideration will be transferred to the merchant computer and the user's exchange account will be reduced. The merchant computer will receive the consideration and will effectuate a delivery transaction to be issued."

Further, the ***recitations c) of Claim 38*** *permits the member access to at least one vendor offering for sale at a discount, at least one item having a predetermined price. Column 9, lines 22 – 44 does not disclose the enabling of the member to offer for sale at a discount.*

d) Enabling the vendor in its sole discretion to set the discount for its one item.

(column 10, lines 36-58) "Manufacturers can discount or liquidate goods for points in a manner that doesn't negatively affect the perceived value of the goods (i.e. not in direct competition with the mainstream sales). That is, the manufacturer can place overstocked, end of run type goods and the like, place them in the chain of distribution for exchange with points, and not be in direct competition with cash sales of its mainstream products.

Resort destinations that are managed by property management companies such as RCI may be integrated into this system where instead of trading accommodations with only those having similar property, it is now possible that the rental of the property may be achieved by conversion for points.

Offers may be distributed to users of this system where substantial rebates or reduced rates are described in the offer. Time sensitive product offerings can also be accommodated in the system where the value of the product is decreased according to a life span of the product. Time sensitive product offerings such as food products or concert tickets can have an associated diminishing or escalating value based on the length of the offer."

e) Applying the discount to the predetermined price to provide a discounted price for the one item.

(column 10, lines 36-58) "Manufacturers can discount or liquidate goods for points in a manner that doesn't negatively affect the perceived value of the goods (i.e. not in direct competition with the mainstream sales). That is, the manufacturer can place overstocked, end of run type goods and the like, place them in the chain of distribution for exchange with points, and not be in direct competition with cash sales of its mainstream products.

Resort destinations that are managed by property management companies such as RCI may be integrated into this system where instead of trading accommodations with only those having similar property, it is now possible that the rental of the property may be achieved by conversion for points.

Offers may be distributed to users of this system where substantial rebates or reduced rates are described in the offer. Time sensitive product offerings can also be accommodated in the system where the value of the product is decreased according to a life span of the product. Time sensitive product offerings such as food products or concert tickets can have an associated diminishing or escalating value based on the length of the offer."

*The **Recitations d and e of Claim 38** permit the vendor in its sole discretion to offers a discount for the sale of the one item, and to apply the discount to the predetermined price. Column 10, lines 36 – 58 disclose taking rebates or reduced rate in the sales of certain items, but fail to disclose that the vendor sets in it sole discretion a discount in the price of the one item or service.*

f) Rendering the one user eligible to sell the one item if the credit is greater than the discounted price of the one item.

(column 9, lines 22-44) "The user selects the desired object from the merchants by indicating the type of product or service to be procured. In one embodiment, the trading server contacts the merchant server to return to the user a list of products that match the user's search criteria or if the user had specified in detail what was desired, the product may be directly acquired from a merchant. A communication link is established between the trading serve and the merchant computer or designee for e-commerce. Direct acquisition may be enacted by contacting the merchant computer and supplying the user indicia, the produce indicia, and the redemption value sufficient to secure the transaction. In response to the transaction request, the merchant computer will receive the consideration supplied and contract for the delivery of the product. In another embodiment, the consideration required for the item selected is sent to the trading server where

based on the available points in the user's exchange account the trading server will determine whether the consideration is available. An authorization process may be incorporated at this point to request authorization from the user or in a more simplified process, the consideration will be transferred to the merchant computer and the user's exchange account will be reduced. The merchant computer will receive the consideration and will effectuate a delivery transaction to be issued."

*The **Recitation f) of Claim 38** protects rendering a user eligible to sell an item if the credit is greater than the discounted price of the item. By contrast, Column 9, lines 22 – 44 describes the process of selecting items for sale by a vendor in terms of defining the characteristics of the desired by the user and transmitting same to the vendor. In turn, the vendor returns a list of items to the user that matches the desired characteristics.*

CLAIM 39

Postrel discloses the method of tracking and awarding points as claimed in claim 389, wherein the credit comprises the value of the total number of points awarded to the one member.

(column 8, line 65 through column 9, line 21) "In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display the available points that may be redeemed. In another embodiment, the request additionally contains a value to be redeemed. The processor establishes a communication link with the reward server and a transaction request is sent to the processor of the reward server. The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user's records in the reward server database without analysis by the processor of the reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user's exchange account may then be stored until a user finds an item to be purchased."

*The **Recitation of Claim 39** protects the awarding of points which are discounted based on the value of the credit. By contrast, Column 8, line 65 through Column 9, line 21 does not disclose such credit valuing of a member. This passage also does not disclose a conversion rate that applications to a transaction whereby the transaction reduces the available rewards in the user's account.*

CLAIM 40

Postrel discloses the method of tracking and awarding points as claimed in claim 38, wherein the discount is based on the credit.

> **(column 10, lines 36-58)** "Manufacturers can discount or liquidate goods for points in a manner that doesn't negatively affect the perceived value of the goods (i.e. not in direct competition with the mainstream sales). That is, the manufacturer can place overstocked, end of run type goods and the like, place them in the chain of distribution for exchange with points, and not be in direct competition with cash sales of its mainstream products.
>
> Resort destinations that are managed by property management companies such as RCI may be integrated into this system where instead of trading accommodations with only those having similar property, it is now possible that the rental of the property may be achieved by conversion for points.
>
> Offers may be distributed to users of this system where substantial rebates or reduced rates are described in the offer. Time sensitive product offerings can also be accommodated in the system where the value of the product is decreased according to a life span of the product. Time sensitive product offerings such as food products or concert tickets can have an associated diminishing or escalating value based on the length of the offer."

*The **Recitation of Claim 40** covers the valuing of the discount is based on the value of the related credit. By contrast, Column 10, lines 36 – 58 fail to disclose that the amount of the discount of the price of an item as set by the vendor depends on the value of the related credits.*

CLAIM 41

Postrel discloses the method of tracking and awarding points as claimed in claim 38, wherein the step b) of converting the user's awarded points into the credit comprises the sub step of calculating from the user's awarded points of the one loyalty program a proportionate number of a system-wide credit.

> **(column 3, lines 30-40)** "What is desired therefore, is a system where users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a participating merchant. An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value."
>
> **(column 8, line 65 through column 9, line 21)** "In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display the available points that may be redeemed. In another embodiment, the request additionally contains a value to be redeemed. The processor establishes a communication link with the reward server and a transaction request is sent to the processor of the reward server. The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user's records in the reward server database without analysis by the processor of the reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user acco0unt balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user's exchange account may then be stored until a user finds an item to be purchased."
>
> **(column 10, lines 18-20)** "The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value."

*The **Recitations of Claim 41** relates to converting the user's award point into credits by calculating a proportional number of at least one system-wide credit. By contrast, Column 3,*

lines 30 – 40; Column 8, line 65 through column 9, line 21; and Column 10, line 18 – 67 fail to disclose the converting of the user's awarded point into a proportionate number of a system-wide credit. See the comment re Column 3, lines 30 -40 in the previous comments of the undersigned with respect recitation a) of claim 1. Further, Column 8, line 65 through Column 9, line 21; and Column 10, lines 18 – 20 disclose the conversion that reduces the available rewards, which is not recited by Applicants' claim 41. Further, Postrel's prioritization of the trading of his predetermined set of claims does not obviate Applicants' claim 41.

CLAIM 42

Applicants discloses the method of tracking and awarding points as claimed in claim 38, wherein recitation b) converts the user's awarded points into credits, where the sub step of converting includes the insertion of the user's awarded points into each of a plurality of loyalty programs.

> **(column 10, Lines 59-67)** "Using this system it is now possible to coordinate the products of several different providers into one package. A user of this system may therefore select an airline, hotel, car rental and Broadway show tickets in New York, individually or in a prepared package from one location by trading points where the package may not have existed before where the trading system coordinates all aspect of the transaction and reduces the user's exchange rewards in a corresponding manner."

*The **recitation b) of Claim 42** recites the converting the user's awarded point into a credit, wherein the points are included into each of the plurality of loyalty programs. Column 10, lines 59 – 20 fail to disclose the conversion of points into credits. Further, this portion of Postrel does not disclosure that credits are inserted into each of the loyalty point program as recited in the recitation of claim 42.*

CLAIM 43

Postrel discloses the method of tracking and awarding points as claimed in claim 38, wherein there is included a plurality of loyalty point programs, each of which awards points to the member.

(column 6, lines 1-52) "The method of allowing the user to redeem the accumulated reward points from one or more of a plurality of reward entities will now be described with respect to FIG **4** and the data flow diagram of FIG. **6**. The trading server system would allow users to "log in" to access the functionality provided where the user may interact with applications, forms or controls. For example, the user may view his account information by using a web browser to enter the appropriate identification information and then select buttons, links or other selectable objects to navigate to the part of the system desired. If the user does not yet have an account (step **602**), then the user may be enrolled per the flow diagram of FIG. **8** (step **604**) as discussed below. The user, from the user computer, makes a request to the trading server computer **20** via communications flow **102** (step **600**), requesting redemption through the network **2** for a portion of the pre-accumulated reward points stored for the user in one of the rewarding entities. A user's reward point account **52** is associated with each of the reward servers but is only shown in FIG. **4** connected to the airline server for sake of clarity. Communications are made by the trading server **20** to the user computer **40** via communications data flows **104**. The user may interactively select rewards to be redeemed, or the system may determine which rewards are to be redeemed based on a previously defined user profile rule (step **606**). The trading server computer **20** "obtains" the reward points from a reward server **10**, **12**, **14** stored in the user's account **52** by contacting the appropriate reward server via communication flow **110** step **608**) according to the user's requirements, by using the connection parameters as defined in a database **54** on the trading server as shown in FIG. **5**. In one embodiment, the trading server retrieves reward point account balance information via communications flow **114** (step **620**) from the reward server for the user. In another embodiment, the trading server transfers as part of the communication **110**, the requested reward mileage to be redeemed (step **612**). The reward server computer **10** decreases the user's reward point account **52** by the requested number of reward points step **614**). The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer **10** conveys consideration to the trading server computer **20** where the consideration corresponds to the number of reward points decreased in the user's account **52** on the reward server **10** (step **616**). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer **20** increases the reward exchange account **54** associated with the user by the received number of points (step **620**). The

trading server computer **20** in turn, receives the consideration from the reward server computer **10** (step **618**)."

*The **recitation of Claim 43** recited a plurality of loyalty point programs, each of which awards points to a member. Column 6, lines 1 – 52 fails to disclose a plurality of loyalty point programs, wherein each program awards points to a member.*

CLAIM 44

Postrel discloses the method of tracing and awarding points as claimed in claim 43, wherein said step of determining the number of points awarded to the member from at least one loyalty program includes the sub step of determining the number of award points awarded under each loyalty program.

(column 9, lines 39-64) "An authorization process may be incorporated at this point to request authorization from the user or in a more simplified process, the consideration will be transferred to the merchant computer and the user's exchange account will be reduced. The merchant computer will receive the consideration and will effectuate a delivery transaction to be issued.

The goods may also be placed under direct control of a distribution arm of the trading service so that the user places the order with the trading service directly and the merchants are not directly involved with the same of the goods.

Thus, the present invention provides a liability management system for issuers of reward points, which allows them to take points off the books and eliminate them, if desired, at a discount rate. This system enables the sale or repurchase of points with a trading strategy in which points need not expire.

The present system may be implemented by means of a smart card wherein frequent use points may be accumulated on the user's card every time the card is used for associated application. For example, if a user uses his smart card to pay for a hotel that normally gives reward points, those reward points may be stored on the smart card. Likewise, when the card is used for the purchase of an airline ticket, the points would be added to the smart card. The user may then redeem the accumulated reward points by inserting the card into a vender associated with a computer connected to the Internet."

*The **recitation of Claim 44** to determine the number of points awarded to a member from at least one of the loyalty programs, wherein Column, lines 39 – 64 fails to disclose determining the number of points awarded to a member of at least one of the loyalty programs.*

CLAIM 45

Postrel discloses the method of tracking and awarding points as claimed in claim 38, wherein there is further included the steps of determining if the member is eligible, the member selects the item to be purchased and a message is transmitted over the communications network to the one loyalty program to effect the redemption of the item discounted price.

> **(column 8, line 65 through column 9, line 44)** "In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display the available points that may be redeemed. In another embodiment, the request additionally contains a value to be redeemed. The processor establishes a communication link with the reward server and a transaction request is sent to the processor of the reward server. The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user's records in the reward server database without analysis by the processor of the reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user's exchange account may then be stored until a user finds an item to be purchased.
>
> The user selects the desired object from the merchants by indicating the type of product or service to be procured. In one embodiment, the trading server contacts the merchant server to return to the user a list of products that match the user's search criteria or if the user had specified in detail what was desired, the product may be directly acquired from a merchant. A communication link is established between the trading server and the merchant computer or designee for e-commerce. Direct acquisition may be enacted by contacting the merchant computer and supplying the user indicia, the product indicia, and the redemption value sufficient to secure the transaction. In response to the transaction request,

the merchant computer will receive the consideration supplied and contract for the delivery of the product. In another embodiment, the consideration required for the item selected is sent to the trading server where based on the available points in the user's exchange account the trading server will determine whether the consideration is available. An authorization process may be incorporated at this point to request authorization from the user or in a more simplified process, the consideration will be transferred to the merchant computer and the user's exchange account will be reduced. The merchant computer will receive the consideration and will effectuate a delivery transaction to be issued."

*The **recitation of Claim 45** for determining that if the member is eligible, the member then selects the item to be purchased and transmits a message over a network to one loyalty program to redeem the discounted price item. Column 8, line 65 through Column 9, line 44 recites the application to a transaction so that the reward server will reduce the available rewards in the user's account conversion rate, which disclosure fails to obviate the recitation of claim 45.*

CLAIM 47

Postrel discloses a computerized method of determining whether a user is eligible to be awarded first and second loyalty points from at least first and second loyalty point programs respectively, the value of the first points differs from the value of the second points, the user being a member of both of the first and second loyalty point programs, a vendor offering for sale various items, each of the plurality of items having a predetermined price, said method comprising the steps of:

a) Providing the user access over a communications network to a vendor to select at least one of the pluralities of items and determining the item's predetermined price.

(column 8, line 65 through column 9, line 44) "In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display

the available points that may be redeemed. In another embodiment, the request additionally contains a value to be redeemed. The processor establishes a communication link with the reward server and a transaction request is sent to the processor of the reward server. The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user's records in the reward server database without analysis by the processor of the reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user's exchange account may then be stored until a user finds an item to be purchased.

The user selects the desired object from the merchants by indicating the type of product or service to be procured. In one embodiment, the trading server contacts the merchant server to return to the user a list of products that match the user's search criteria or if the user had specified in detail what was desired, the product may be directly acquired from a merchant. A communication link is established between the trading server and the merchant computer or designee for e-commerce. Direct acquisition may be enacted by contacting the merchant computer and supplying the user indicia, the product indicia, and the redemption value sufficient to secure the transaction. In response to the transaction request, the merchant computer will receive the consideration supplied and contract for the delivery of the product. In another embodiment, the consideration required for the item selected is sent to the trading server where based on the available points in the user's exchange account the trading server will determine whether the consideration is available. An authorization process may be incorporated at this point to request authorization from the user or in a more simplified process, the consideration will be transferred to the merchant computer and the user's exchange account will be reduced. The merchant computer will receive the consideration and will effectuate a delivery transaction to be issued."

*The **preamble and recitation a) of Claim 47** recites determining whether a user is eligible for first and second loyal points from at least first and second loyalty point programs where the values of the first and second points differ from each other. The undersigned has carefully reviewed Column 8, line 65 through column 9, line 41 without finding the above preamble and/or recitation.*

b) Selecting first the first loyalty program as a source of first points with which to purchase the selected item.

(column 7, lines 1-41) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item."

(column 10, lines 18-20) "The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value.

*The **recitation b) of Claim 47** specifies selecting the first loyalty program as a source of first points for purchasing a selected item. Column 7, lines 1 - 41; and Column 10, lies 18 – 20 have been carefully reviewed by the undersigned without finding the teaching of recitation b).*

c) Converting the selected first points to system points and determining the first value of the converted system points.

(column 7, lines 1 through column 8, line 3) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item.

Policies and profiles may be established to automatically contact each of the reward servers according to a user redemption profile (see FIG. **5**) to transact the required payment for an item selected by a user. This profile may indicate the order or redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet

the purchase price. The process may be performed in real time or as a background process where the user may select how the transaction should proceed. If the user exhausts lower personal worth resources from the reward servers, the system may be required to contact the user before the transaction is allowed to proceed to redeem points. A classification system may also be used to indicate rewards of similar worth. If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption. The redemption process would then honor those rules elected by the user to select from several different reward programs instead of redeeming rewards strictly on a value required from the first reward program contacted."

(column 10, lines 18-20) "The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value.

d) Determining the eligibility of the user to receive the selected item to be purchased by the user by comparing the predetermined price of the selected item with the value of the system points and, if the value of the system points is greater than the predetermined price of the selected item, proceed to purchase the selected item for the user.

(column 9, lines 22-44) "The user selects the desired object from the merchants by indicating the type of product or service to be procured. In one embodiment, the trading server contacts the merchant server to return to the user a list of products that match the user's search criteria or if the user had specified in detail what was desired, the product may be directly acquired from a merchant. A communication link is established between the trading serve and the merchant computer or designee for e-commerce. Direct acquisition may be enacted by contacting the merchant computer and supplying the user indicia, the produce indicia, and the redemption value sufficient to secure the transaction. In response to the transaction request, the merchant computer will receive the consideration supplied and contract for the delivery of the product. In another embodiment, the consideration required for the item selected is sent to the trading server where based on the available points in the user's exchange account the trading server will determine whether the consideration is available. An authorization process may be incorporated at this point to request authorization from the user or in a more simplified process, the consideration will be transferred to the merchant computer and the user's exchange account will be reduced. The merchant computer will receive the consideration and will effectuate a delivery transaction to be issued."

e) If the value of the system points is less than the price of the selected item, selecting second the second loyalty point program as a source of second points with which to purchase the selected first item.

(column 7, lines 1 through column 8, line 3) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item.

Policies and profiles may be established to automatically contact each of the reward servers according to a user redemption profile (see FIG. **5**) to transact the required payment for an item selected by a user. This profile may indicate the order or redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the

selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price. The process may be performed in real time or as a background process where the user may select how the transaction should proceed. If the user exhausts lower personal worth resources from the reward servers, the system may be required to contact the user before the transaction is allowed to proceed to redeem points. A classification system may also be used to indicate rewards of similar worth. If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption. The redemption process would then honor those rules elected by the user to select from several different reward programs instead of redeeming rewards strictly on a value required from the first reward program contacted."

*The **recitations c, d and e of Claim 47** determines whether the value of the system points is less than the price of a selected item and, if less, then selecting to the second loyalty point to purchase the selected item. Column 7, lines 1 through Column 8, line 3 does not disclose that when there are no sufficient points from the first loyalty points to purchase a selected item, that the process accesses the second loyalty point as a further source of second points to purchase the selected item.*

CLAIM 48

Postrel discloses the computerized method of determining as claimed in claim 47, wherein there is further included the steps of:

a) Converting the selected second points to system points and determines the value of the converted system points.

(column 7, lines 1 through column 8, line 3) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired

item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item.

Policies and profiles may be established to automatically contact each of the reward servers according to a user redemption profile (see FIG. **5**) to transact the required payment for an item selected by a user. This profile may indicate the order or redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price. The process may be performed in real time or as a background process where the user may select how the transaction should proceed. If the user exhausts lower personal worth resources from the reward servers, the system may be required to contact the user before the transaction is allowed to proceed to redeem points. A classification system may also be used to indicate rewards of similar worth. If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption. The redemption process would then honor those rules elected by the user to select from several different reward programs instead of redeeming rewards strictly on a value required from the first reward program contacted."

(column 8, line 65 through column 9, line 21) "In response to a request for redemption, the trading server looks up the contact properties of the reward server to be contacted. The user information is submitted to the reward server to display the available points that may be redeemed. In another embodiment, the request additionally contains a value to be redeemed. The processor establishes a communication link with the reward server and a transaction request is sent to the processor of the reward server. The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user's records in the reward server database without analysis by the processor of the reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user's exchange account may then be stored until a user finds an item to be purchased."

*The **recitation a) of Claim 48** recites converting the selected second points to system points and to determine the value of the converted system points. Column 7, lines 1 through Column 8, line 3; and Column, line 65 through Column 9, line 21 discloses an application of a conversion rate to a transaction whereby the reward server reduces the available rewards in the user's account. By contrast, the noted portion and the entire teaching of Postrel are silent as to Applicants conversion of loyalty points to system-wide points or credits.*

b) Adding the first and second values of points to provide a composite point value.

(column 7, lines 1 through column 8, line 3) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading

server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternat9ve, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item.

Policies and profiles may be established to automatically contact each of the reward servers according to a user redemption profile (see FIG. **5**) to transact the required payment for an item selected by a user. This profile may indicate the order or redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price. The process may be performed in real time or as a background process where the user may select how the transaction should proceed. If the user exhausts lower personal worth resources from the reward servers, the system may be required to contact the user before the transaction is allowed to proceed to redeem points. A classification system may also be used to indicate rewards of similar worth. If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption. The redemption process would then honor those rules elected by the user to select from several different reward programs instead of redeeming rewards strictly on a value required from the first reward program contacted."

*The **recitation b) of Claim 48** recites the adding of first and second values of points to obtain a composite point value. Column 7, line 1 through Column 8, line 3 fails to disclose the adding of the first and second values of the points.*

c) Determining again the eligibility of the user to receive the selected item to be purchased by the user by comparing the predetermined price of the selected item with the composite point value and, if the composite point value is greater than the predetermined price of the selected item, proceed to purchase the selected item for the user.

(column 7, lines 1 through column 8, line 3) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item.

Policies and profiles may be established to automatically contact each of the reward servers according to a user redemption profile (see FIG. **5**) to transact the required payment for an item selected by a user. This profile may indicate the order or redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price. The process may be performed in real time or as a background process where the user may select how the transaction should proceed. If the user exhausts lower personal worth resources from the reward servers, the system may be required to contact the user before the transaction is allowed to proceed to redeem points. A classification system may also be used to indicate rewards of similar worth. If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption. The redemption process would then honor those rules elected by the user to select from several different reward programs instead of redeeming rewards strictly on a value required from the first reward program contacted."

*The **recitation c) of Claim 48** that recites the eligibility of a user to receive a selected item by comparing the price of the selected item with the composite point value and if greater, the user will then purchase the item. Column 7, lines 1 through Column 8, line 5 fail to describe the eligibility of a user to purchase a selected item.*

CLAIM 49

Postrel discloses the computerized method of determining as claimed in claim 48, wherein if the composite point value is less than the predetermined price of the item, proceed to repeat steps b, c, d and e of claim 10, until there are no further loyalty point program to be selected as a source of points with which to purchase the selected item.

(column 7, lines 1 through column 8, line 3) "In the second part of the transaction (see FIG. 7), the user from a user computer **40** may make a request **150** to purchase an item from an associated merchant computer **30** (step **700**). In the preferred embodiment, the merchant computer system will be a networked

computer system accessible via the Internet. The user would visit the site by selecting on a link from the trading server's web site or by entering the name or address of the destination site. The user may identify one or many items to be acquired from one or several merchants **30**. The user elects to pay for the desired item with points (step **702**), and the user is "redirected" from the merchant server to the trading server at step **704**. If the user does not have an account (step **706**) then the user is enrolled per the flow diagram of FIG. **8** (step **708**). The trading server computer **20** would confirm that the user has sufficient points to purchase the selected item by communicating with the trading server **20** via communication flows **140**, **144** in order to check the user's reward exchange account **54** (step **710**). If the user does not have enough points in his reward exchange account at the trading server **20**, then the process of trading more points from the user's reward point account **52** into his reward exchange account **54** is executed by branching to the flow diagram at exit point A (step **712**) which brings the process to the flow diagram in FIG. **6** discussed above. After enough points are traded, the user continues with the process from step **712** as shown in FIG. **7**. The trading server computer **20** would request the merchant computer to deliver the item to the user. The user delivery information may be retrieved from the trading server computer **20** or may be supplied in some other manner. The trading server computer **20** would decrease the user exchange account **54** by the number of points corresponding to the purchased item (step **714**). The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716**, **718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step **720**, for example by delivering the purchased item.

Policies and profiles may be established to automatically contact each of the reward servers according to a user redemption profile (see FIG. **5**) to transact the required payment for an item selected by a user. This profile may indicate the order or redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price. The process may be performed in real time or as a background process where the user may select how the transaction should proceed. If the user exhausts lower personal worth resources from the reward servers, the system may be required to contact the user before the transaction is allowed to proceed to redeem points. A classification system may also be used to indicate rewards of similar worth. If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption. The redemption process would then honor those rules elected by the

> user to select from several different reward programs instead of redeeming rewards strictly on a value required from the first reward program contacted."

*The **recitation of Claim 49** covers the determining of whether the point value is less than the predetermined price of the item and if so, then repeating the steps b, c, d and e of claim 10 until there are no further loyalty point programs to issue points by which the user can purchase the selected item. Column 7, lines 1 through Column 8, line 3 fails to recite the above described process of repeating the steps until there are no further loyalty points.*

In paragraph 6 beginning at page 10, line 7 of the March 23, 2006 Office Action, the Examiner provides his further "Response to Arguments." In the following, the undersigned will respond in detail to the Examiner's further Response. First, the Examiner asserts that "the use of first and second loyalty programs of different values as well as system wide credits" are disclosed in Postrel. In particular, the Examiner states that,

> (t)he abstract of the Postrel patent indicates that "a user earns reward points from a plurality of independent points issuing entities". This is the first indication in the teachings of Postrel that there are "first and second loyalty programs of different values. Since these reward point issuing entities are all independent, they develop their own reward point systems and as a result the reward points in each independent entity will have different values." See page 10 of the March 23, 2006 Office Action.

Applicants respectfully assert that whether the issuing entities are independent or not, would not teach one skilled in the art the use of first and second loyalty programs of different values. Applicants respectfully assert that the Examiner has merely stated his conclusion that Postrel teaches the first and second loyalty programs of different values. Further, the Examiner has failed to identify where in the four corners of Postrel there is a particular disclosure of first and second loyalty points of different value, much less any explanation as to why the programs would be of different values. If the Examiner persists that the first and second loyalty programs

are of different values, he is requested to identify by column and line of Postrel, where these words may be found.

Further, Applicants respectfully traverse and request reconsideration of the following statement of the Examiner:

> In regards to the assertion that there is no disclosure of systemwide credits in the teaching of Postrel, the abstract in combination with Fig. 5 directly teach such subject matter.

In particular, a study of the complete specification and drawings of Postrel does not mention "systemwide credits", much less disclose how such credits are used in the context of applicants' system.

Further, according to the Examiner:

> Postrel states in the abstract that "On selective request by the user, a trading server accumulates some or all of the user's earned reward points from the reward servers and credits the accumulated points into a single reward exchange account associated with the user" and Fig. 5 discloses that the system uses both "Merchant Conversion Rates" and "Reward Server Conversion Rates". Therefore, someone who merely reads the abstract and glances at the figures provided in the teachings of Postrel would understand that there are a plurality of different loyalty programs that each operate independently.

First, neither the cited portion of the Abstract as cited by the Examiner, nor the entire specification and drawings of Postrel specifically mentions "system wide credits." In particular, Postrel fails to disclose how such credits are determined, much less used to redeem awards as taught by applicants. The Examiner states that Postrel's system uses both of the "Merchant Conversion Rates" and "Reward Server Conversion Rates." These rates are only shown in Fig. 5 and are not further described by Postrel. Neither Postrel nor the Examiner have explained how these rates are calculated or used in connection with system-wide credits. The undersigned

respectfully asserts that Fig. 5 and the Abstract of Postrel (or the remainder of the Postrel patent) do not disclose the conversion of loyalty points into system wide credits. It is apparent that the Examiner has merely used hindsight to find these teachings in applicants' application. Postrel is silent as to the relation of "Merchants Conversion Rates" to system wide credits and requests the Examiner's clarification.

Further, the Examiner states that "they (apparently those skilled in the art) would learn that the points earned in each of these independent loyalty programs could be converted into system wide credits that can be later converted into loyalty points specific to any participating program." Applicants strongly but respectfully assert that the mere existence of independent loyalty point programs teaches that points could be converted into systemwide credits. Finally, the undersigned respectfully questions the pertinence to Applicants' invention of converting system wide credits "into loyalty points specific to any participating program." The Examiner's clarification is requested.

In view of the above discussion, applicants respectfully assert that all of the claims now presented by this application are in condition for allowance, which action is respectfully requested. If the Examiner is unable to allow this application, he is requested to place a telephone call to the undersigned to suggest those changes whereby this Application may be speedily prosecuted to issuance.

In view of the above discussion, Applicant respectfully asserts that all of the claims now presented in this application are in condition for allowance, which action is respectfully requested. If the Examiner is unable to allow this application, he is requested to place

a telephone call to the undersigned to suggest those changes whereby this application may be speedily prosecuted to issuance.

Respectfully submitted,

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